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SUBJECT: US-BAHRAIN BUSINESS COUNCIL COMPLETES SUCCESSFUL
VISIT TO BAHRAIN

¶1. (U) A trade delegation of 12 American companies organized by the newly-established U.S.-Bahrain Business Council (USBBC) traveled to Bahrain May 29-31 in a successful visit that included calls on senior Bahrain officials and meetings with a broad range of the Bahrain business community. The delegation members were pleased with the warm reception they received, and the USBBC announced plans to return in November with an even larger delegation.

¶2. (U) The USBBC was officially launched on September 14, 2006 at a ceremony held at the Washington headquarters of the U.S. Chamber of Commerce. It initially has operated out of an office at the Chamber, and recently hired an executive director, Salma Habib, and elected as its chairman James Godec of Overland Capital Group. Its membership includes both Bahraini and American companies, and its founding was clearly linked to the signing of the free trade agreement and the desire to take advantage of the opportunities offered by the FTA.

¶3. (SBU) Prime Minister Shaikh Khalifa met the delegation on May 29 and hailed its efforts to increase trade between the U.S. and Bahrain. He noted that, despite the difficult regional environment, there is still strong interest in trade between the countries of the Gulf and the United States. He praised the FTA, observing that others in the Gulf had been critical when Bahrain first signed it but "now they want to copy us." Minister of Commerce and Industry Hassan Fakhro, in a separate meeting, welcomed the first American trade mission to Bahrain since the signing of the FTA, saying that it highlighted how close the bilateral relationship is. He stressed that Bahrain would do all it could to maximize the benefits of the FTA.

¶4. (SBU) Governor of the Bahrain Central Bank Rashid Al-Maraj, in his meeting with the delegation, highlighted the openness of Bahrain's financial sector, pointing out that for many years Bahrain, in contrast to the rest of the region, has allowed foreign financial institutions to compete without restrictions and on an equal footing with domestic banks. He reaffirmed Bahrain's commitment to continue the dinar peg to the dollar, believing this commitment provides an important signal of transparency and stability to the business community. He also stressed the role the central bank has played in developing a legal framework for Islamic banking, which has taken off in Bahrain in recent years.

¶5. (U) The delegation also met with the Ministers of Finance and Housing/Public Works and the Chairman of the Economic Development Board, visited the new Bahrain Industrial Investment Park and Bahrain Investment Wharf, as well as the Bahrain Investors Center, and met with a range of business leaders, including the board of the Bahrain Chamber of

Commerce and Industry.

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